How to Sell Bonds

HOW TO SELL BONDS

BY

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"DO YOU THINK? IF NOT, YOU DESERVE TO BE A FAILURE. PERHAPS YOU SAY YOU HAVEN'T TIME TO THINK—YOU HAVE TOO MUCH WORK TO DO. BUT HEEDLESS WORK IS PROFITLESS. YOU MUST THINK OR FAIL. TAKE YOUR CHOICE."

FOREWORD

I, of course, do not know just what experience you have had, either in finance or in selling things in general.

I believe, however, that the best way I can help you make plenty of money as the representative of Beyer & Company is to assume that your experience both in finance and in selling things has been rather limited.

Even if I tell you things which you already know, it will do you no harm to hear these things again. There are certain principles of successful salesmanship to which we cannot have our attention called too often. As a matter of fact, when I here struggle to present these principles to you in definite form, I shall thereby be getting them more firmly fixed in my own mind, and thus I shall be helping to educate myself.

Then I expect to be able to give you much practical information about the bond business, show you how to overcome certain specific objections you are likely to hear raised, etc.

Anyway, I sincerely trust that, before you attempt to sell any bonds, you will give this little book your careful and thoughtful attention.

Remember, please, that the leaders in all professions are always STUDENTS, and always remain students up to the close of their active career. A know-it-all never

amounts to much in any walk of life. The greatest men are always the humblest. They are the most childlike in their teachableness.

As I say, this is true in all walks of life; but I think it is particularly true in the bond business. Finance is a subject of many sides. There is always something for all of us to learn about it. I hope, then, that as the representative of Beyer & Company, you will study, study, study all the time.

It will be well worth your while to do this. The bond business is a COMING business. Why, the full possibilities of it are, in this country, just beginning to be realized. Heretofore it has been confined to a limited class. Now it is in process of being POPULARIZED. Just as in France, practically everybody in this country is going to be a bondholder.

And there is no reason why you should not AIM HIGH in this great and growing businss. From now on there will be a greater and greater call in this business for trained men. My own house will need more and more of them. The possibilities of advancement before you are endless.

HOW TO SELL BONDS

The Nature of Your Task

No matter what he is dealing in, the task of the salesman is essentially that of creating for his proposition a *favorable sentiment.*

What you will have to create a favorable sentiment for is (1) standard in bonds in general and (2) the Special Issues of Beyer & Company.

It will do you no harm to realize, right at the start, that you cannot accomplish this task by lying around on a flowery bed of ease.

This task will demand of you good, hard, faithful and conscientious work.

In some quarters you will encounter stupid indifference and blind prejudice. There will be even people who will try to tell you that you are all wrong.

What then? Is that going to faze you? I think not.

If your task were merely to go out and sell people something which they already had decided to buy, you wouldn't be a salesman—you would be a mere *order taker*, and any bright boy, or any old has-been who would jump at the chance to make $10 a week, could hold down your job.

"He is great," says Emerson, "who can alter my state of mind."

That is where the salesman comes in. It is for him to alter people's states of mind—to make them stop thinking as *they* think and begin thinking as *he* thinks.

That is the beauty of the business. That is why a great salesman is a great man. That is why he earns thousands of dollars where little office people are earning hundreds.

I don't say that after a while the people won't come flocking to you. Truth to tell, this is bound to occur. It has been frequently observed that people are much like sheep. When they see others beginning to buy a thing, they fall all over themselves to buy it, too.

Once you get a favorable sentiment started in your community for bonds and the Special Offerings of Beyer & Company—once people begin to draw their interest on these bonds regularly—once they find that they can sell these bonds without any trouble or borrow money on them without trouble—once their confidence in you and us is fully established,—business will come to you for which you will not have to lift a finger to gain.

But while you then, in a sense, will become a mere ordertaker, you will be legitimately entitled to the harvest, because it was you who prepared the ground, it was you who sowed the seed.

It will be your business, yours to have and to hold.

The Secret of Selling Power

Some salesmen find it very easy to get a favorable sentiment started. They are men who make their presence felt as soon as they enter a room. It seems only natural that everybody should defer to them, should think as they think and do as they wish.

Is it that these men come into the world blessed with a kind of magnetism that is peculiar to them? I think not. I think that the secret of the power wielded by these master salesmen is easy to find and is open to anyone to cultivate.

I think that their power can mainly be explained by the fact that they are *terribly in earnest.* They themselves have a deep, subjective *conviction* that what they offer is a good thing, and they are grimly *resolved* that you shall see it as they do.

The secret of their mastery is mainly contained in two little words. THEY BELIEVE.

Conviction is born of conviction. Belief is created by belief. This must be so, because it is only the same as saying that to start a fire you need a firebrand.

I hope you are terribly in earnest about this bond business. I hope you are deeply convinced that a nation is strong as its people save more than they spend, and that there is no better way of saving than by putting your money into good, well-secured, standard bonds. I hope you believe with all your heart that the Special Offerings of your house are to be confidently recommended to your nearest and dearest friends, to say nothing of people in general, and that nothing could be better than these bonds for small investors particularly.

You will remember that I went into all this in my booklet called "Representing Beyer & Company." I wish you would read this booklet over again—aye, study it until the princiiples there laid down are as familiar to you as the faces of your friends. *If you have mislaid this booklet, send for another copy, and do it now.*

One thing I can assure you of is this: Here in all likelihood is the greatest opportunity you ever have had *to let yourself go.* Don't be afraid to let yourself go. More people fail through lack of zeal than from any other one cause. Even if you personally had nothing to gain by it, you, as a good friend, a good neighbor and a good citizen, might very well devote a large part of your time to urging people to spend less and save more—to cease

from their habits of reckless extravagance and acquire the habit of *systematically* laying aside a substantial part of their income for the purchase of standard bonds.

Now, be honest with yourself. How much do you really believe in what you have to sell? I have said that you ought to be ready to recommend these bonds to your nearest and dearest friends. But that is not the real test. The real test is this: To what extent are you ready to take your own medicine? In other words, how many of your bonds do you yourself own? All that you really ought to own?

Remember that, as you yourself belive, others will believe. Remember, that, at the last analysis, your strongest argument will be that you yourself are an investor in the offerings of your house—that you have put your own money into your bonds, and put all that you ought to put consistent with your income and that principle of "diversity" about which I talked to you in "Representing Beyer & Company."

Remember, too, that as you really believe, as you are deeply convinced, as you are sincerely in earnest, your work will not seem like work—to follow it, to study it night and day, to persist in it day in and day out, this will be your greatest pleasure.

The Part Played by Sentiment in Business

Next to belief as a factor in creating that personal force which we call magnetism, I would place sympathy—that is, the feeling we have for our fellow human beings when we really like them and wish them well.

Nobody of any sense fails these days to recognize the value in business of soul as well as brains. The salesman who is all head may win out, but he would win out a great deal bigger if he would cultivate those sympathetic

qualities which enable you to get close to people anl play upon their heart-strings.

It is an important fact, and one of great significance for the salesman, that the great majority of people are influenced to a greater degree by their feelings or sentiment than they are by their judgment.

You know how it is yourself: When a genial, whole-souled person comes along who makes you feel the warm touch of human brotherhood, who somehow creates the impression that your concerns are to him the most interesting thing in the world—why, you are ready to do almost anything that person desires.

Therefore it behooves all of us salesmen to get a little sunshine in our souls—to get in heart accord with all our fellows. If we have any worries and anxieties, we must forget them. As salesmen we must be dispensers of optimism—men whose skies are always blue, and who, having no troubles ourselves, have plenty of sympathy for other people's.

I admit that these methods suggest those of the confidence man. But I believe in them none the less on that account. I think that the way confidence men go about influencing people is very admirable. Their *methods* are all right—it is only their *object* that is despicable.

And here is the particular point: if so many people can be influenced by a *sham* appearance of sympathy and kindness, it shows what can be done by a *real* appearance of sympathy and kindness.

Make no mistake about it, real sympathy for people can be *cultivated*. You would not hate your worst enemy if you could see all that was in his heart—if you could know all that he has to struggle against. The more you know about people, the more pains you take to understand them and to find out *why* they are as they are, the more

you will like them, the more you will feel drawn to them, the more you will desire their highest and best good.

I would not have you sell a single bond to a person unless you thought it was to his interests to own it. I would have you take pains to find out all about the circumstances of your clients, and advise them strictly in accordance with their own best interests. If you come across a man who has saved up to say $300, and taking into consideration the principle of diversifying investments, you think his circumstances are such as to make it inadvisable for him to take more than one of your $100 bonds, I would have you tell him so and advise him where to place the rest of his savings, even if this advice results in your not making as much money as you otherwise might have made.

As a matter of fact, the loss you thus suffer will be only a *temporary* one. Even if that particular person does not come back to you again, taking losses of this kind is one of the things that will draw people in general to you, and cause them to give you freer and freer access to their pocketbooks.

You see, we too are in the business of gaining people's confidence—the confidence of people in us is by far our greatest asset. And we are no more in business for our health than is the confidence man so called. But here is the difference: whereas the confidence man aims to make a quick clean-up and get-away, we aim to continue doing business with the same people year in and year out. And when this is our aim it is strictly to our own interests not to be greedy and selfish, but to be really sympathetic and kind—not to grab everything there is in sight, but to make sacrifices today for the sake of a greater gain to-morrow.

Means of Getting Clients

As you deal in bonds that are absolutely sound—bonds in which you, without the least hesitation, invest your own money—you can, of course, for the purpose of making clients, utilize your acquaintanceship as far as it extends.

There are your business acquaintances, even the small tradespeople with whom you deal—the butcher, the baker and the grocer.

And there is no doubt that, by exercising tact and discrimination, you can establish business relations with the people with whom you have social relations.

Seek also to extend the circle of your acquaintance as far as possible. Be ever on the alert to make the men you know help you to meet the men you do not know. Connect yourself with all the social, business and religious organizations that you can.

If I were you, I should make it a point to get acquainted with clergymen especially. Clergymen are in the business of making good citizens, and so are you. Clergymen are in a particularly good position to see the misery that comes from extravagance, waste and improvidence, and you, with your sound bonds small and large, are a missionary in the cause of saving, prudence and thrift.

Remember that practically everyone you come across is a live prospect for your bonds. Everyone *ought* to put some money in bonds of your kind, and everyone *can* when you have bonds in denominations as low as $100 and these can be bought in small payments distributed over a year.

It goes without saying that people whom it is particularly desirable for you to meet are those who have savings

bank accounts, those who have just been left some money or just have sold some property, and young married couples who want to begin saving systematically, either for themselves or their children.

Very often you can accomplish much by writing a judicious letter to people with whom you are not acquainted, but who you have reason to believe are in a good position to buy your bonds. Any letter that will excite sufficient curiosity to induce people to ask you for further information will be equivalent to an introduction.

With your letter you may find it advisable to enclose some of the printed matter issued by us, especially if you have reason to believe that the person whom you are addressing is not very familiar with the nature of bonds. And it is always advisable in your letter to call attention to some paragraph in your prnted matter that you have *marked;* for people will take time to read a marked paragraph when they would throw an unmarked document into the waste basket, and if you can get a person to read a marked paragraph, he thereby may be *induced* to read the whole document.

Remember always that one of your strongest arguments with investors of all classes is contained in that principle of diversity. People, in other words, should not put *all* their eggs in one basket, and each particular bond issue of ours is a basket into which each of your clients ought to put *some* eggs, if only one.

Remember also and always that the best way to gain more clients is to render those you have the best service that is within your power.

Planning a Systematic Campaign

It has frequently been remarked that it is astonishing how much more a man can accomplish when he has a definite object than when his efforts lack purpose and concentration.

For example, you have placed in your hands a particular bond issue which, because of its intrinsic merit and the fact that the bonds are in denominations of $100, $500, and $1,000 can be expected to appeal to everybody. Thus the field for your efforts is so broad that you are tempted to shoot at random.

There can't be the least doubt, however, that a campaign systematically mapped out in advance is half won. When you act in obedience to a definite plan carefully thought out, you know at all times just what you are doing and can concentrate on one thing at a time.

In handling any bond issue, you probably will make a beginning by bringing it to the attention of those persons with whom you are personally acquainted. Very good. But even when working among acquaintances you will want to do it systematically, my suggestion being that you make out a list of them in the order in which it will be the most convenient for you to see them.

Another way you could map out a systematic campaign, would be to prepare lists of people in accordance with their occupations. For instance, you might determine to interest all the school teachers in your community, the clergymen, the physicians, the lawyers, etc.

Working in this way among people of distinct classes, you will gain several advantages. The same arguments that influence one person in a given class will to a large extent influence the others, the experience you gain with one will help you with the others, and when you induce

one to take a bond that, of itself, will carry weight with the others.

Your work, as I have pointed out, is for the most part that of getting under way a sentiment favorable to your proposition, and this sentiment is more likely to spread among people of the same class than it would be among isolated individuals scattered here and there.

In other words, you want to start and spread a species of mental contagion and find for it the lines along which it can travel with the least resistance.

I have suggested classing people by their occupations, because people in the same line of work form mental habits similar to one another, and are always united by a certain bond of sympathy, so that what affects one is likely to affect all the others.

Of course, however, there are ways other than those of occupation by which people are sympathetically united. There, for example, are the people who belong to the same lodge, the same club, the same literary society, the same church or any other organization. And there again are the people who are employed in the same factory, store or office. In all these cases the rule holds good that, if you get one to take a bond, you are pretty sure to get many others.

It goes without saying, too, that you should never fail to take advantage of the ties formed by blood and friendship. Whenever you sell a bond, it is always a good plan to ask the buyer to refer you to all the people he knows. These references will act as introductions, and very often the person to whom you are introduced in this way will say: "Well, if my friend has looked this up and found it good enough for him, it is good enough for me."

In starting your campaign in any definite sphere of business or social activity, common sense directs that you

first approach those persons who are the most influential. Every sphere of activity and walk of life has its natural-born leaders—people who are looked up to and respected by all their fellows—and if you get these leaders to take bonds, it of course will be a very great help to you in interesting the other people.

Starting a Craze for Saving

At the risk of wearying you, I want to keep harping for yet a little while longer on this theme, that most people are influenced more by their feelings than by their judgment, and that your work is mainly that of getting under way a favorable sentiment and finding for it the lines along which it can travel the easiest.

I think this is something I cannot too much emphasize, because I know that if you will take advantage of this principle, it will make all your work easier and will make your success certain.

Time and time again you have heard of whole communities being seized by some craze. Sometimes the craze is to do a certain dance, and sometimes it is to put money in a get-rich-quick scheme.

Now, there is no reason why honest men should leave it entirely to rogues to take advantage of this sheep-like characteristic of people. The Good Book tells us, in fact, that if we are to be as harmless as doves, we still can be as wise as serpents.

And I want to emphasize as much as I can that, just as people under the influence of a craze can be made to rush to get religion as well as to do the tango and the turkey trot, so it is just as easy to get a craze started for getting rich *sure* as it is to get a craze started for getting rich quick.

People are many-sided, and what they do all depends upon the particular side of their nature to which you appeal. The same men who, under the influence of fear, will blindly trample one another to death, each striving to save himself—these same men will rush to sacrifice their lives in a perfect hell of shot and shell when some strong man appeals to what is herioc in them.

And so, when you appeal to the instinct of *thrift* in people, you can get just as widespread results as you can when you appeal to their instinct of greed.

You can make people act like sheep for their own good as well as make them act like sheep to their certain destruction.

You can lead sheep into pleasant pastures as well as to the slaughter house.

To give you a good hint of what you can do in the way of getting a craze for thrift started, I shall let Moody's Magazine tell of a little savings club that was started by the employees of a New Jersey factory. After speaking about the need in this country of inducing people to spend less and save more, this conservative publication went on to say:

> "*Moody's Magazine* is deeply interested in this question. It desires to aid in every possible movement, big or little, that aims to encourage systematic saving. When we heard of a very small effort on the part of a few employees of a New Jersey manufacturing concern to work out a plan of their own we set out at once to learn about it. They tried to save individually, but in some way the dollar a week they set aside did not grow into any respectable amount. Something always arose that tempted them to spend what they had saved. After exchanging experiences the young men decided that the motive that induced people to save was the desire to gain profit—to make money EARN more money. When a dollar a week was set aside it immediately became an idle dollar. It could be placed in a savings bank, but it would not begin to earn immediately.

"The result of their investigation was the formation of a little savings club of their own. They elected a president and a treasurer-collector. Each member agreed to turn over to the treasurer $1 a week. When four payments had been made the club discussed a number of bonds that are sold in denominations of $50—known to the trade as 'baby bonds.' Each member of the club picked out the bond he thought he would like to own. Every point was discussed—safety, income, negotiability—just as carefully as if the purchase were to be for bonds of much larger denomination. When each member had selected his bond the treasurer sent to Beyer & Company, New York, who specialize in bonds of small denominations, and ordered them to purchase four bonds—one for each member of the club.

"The plan is to make the weekly collections until each member has paid $50, or the amount sufficient to pay for the bond selected. When the payments are completed each member will receive his bond. Each will then have become a bondholder, an investor and able to enjoy the same pleasure that every coupon period brings to the bondholder of any degree.

"One of the most attractive features of this plan is that with the placing of the order for the purchase of the bonds every dollar put in by the members of the club begins to DRAW INTEREST at once, the amount being determined by the yield of the bonds selected.

"There is no reason why any individual may not put aside a dollar a week and buy a $50 bond all by himself. There are several reputable bond houses which sell bonds on the installment plan. So there is really nothing startlingly original about the plan the New Jersey young men have adopted. Its value lies in the getting together—the club spirit. The individual can do it acting alone, but the individual doesn't do it very often."

You see, there is the important fact—the arousing of the *club* spirit—getting people to do together what they often cannot be induced to do alone.

How to Deal With Objectors

I have said that every walk of life has its natural-born leaders, and that if you can win these leaders over, it will make it easy for you to deal with all their followers—a very elementary proposition indeed.

However, it behooves us now to realize that these natural-born leaders are mainly what they are because, unlike most people, they *think*. And so you must be prepared to deal with thinkers as well as with people who will put their money into your bonds for no other reason than that other people are doing it.

Don't misunderstand me. With the great majority of people, you will not have to go into all the technical merits of your bonds. In many cases, indeed, it will be for *you* to do the thinking for the people with whom you deal. It will be for you to satisfy *yourself* that your bonds are to be unhesitatingly accepted by these people, and for you to convince them of that fact simply by your calm, matter-of-fact assertion that your bonds are all right.

In other words, you ought to sell a great many bonds indeed simply because people have confidence in *you*. Yes, in a great many cases, all you will have to do will be to convince people that they ought to take advantage of the opportunity for saving that bonds afford, while you let it be *taken for granted* that the bonds *you* handle are all that bonds should be.

Remember also that you can fire a candle through a deal board when the candle is projected with such velocity that the fibres of the wood have *no time to resist*, and that a master salesman can keep up such a rapid fire of earnest, enthusiastic selling talk that his prospective customer will be won over before he, the customer, has had time to offer any opposition.

Still, there are the people who think—and often think wrong-headedly, people who are ultra cautious and skeptical, not to say downright suspicious.

To deal successfully with these people, you first of all will need to have at your ready command all the facts in connection with the Special Offerings of Beyer & Com-

pany in general and in connection with the particular issue or issues that you happen to be handling.

In "Representing Beyer & Company," I told you the main facts about this house's Special Offerings in general, and I hope you have got or will get these very important facts firmly fixed in your mind. As for the facts and figures about our particular issues, you of course will carefully study the circular matter we issue in connection with them, and if there is anything not quite clear to you about them, send to us at once for all the information you need.

But to deal with objectors, "kickers," "chronic grouches," etc., you not only will need to have exact information at your command, but you will need to exercise tact and diplomacy. However, if you are the man I think you are, I am sure you will get a lot of pleasure out of dealing with these people, *since they are the ones who really challenge your ability, put you on your mettle and give you an opportunity to show what finesse in salesmanship is.*

For example, there is a way of letting a man raise all the objections he can think of—of listening to all his grievances—of letting him talk himself out—and then of quietly starting in, *with a clear knowledge of his character and circumstances,* to sell him a bond.

The shrewd salesman, of course, always avoids getting into arguments with people; and you can always avoid arguments simply by listening courteously to what people have to say and then being careful not to contradict them flatly. No matter how much a man may be in the wrong, he seldom will thank you for proving that he is and thus making him feel foolish.

Agree with people, even if you have to strain a point to do it. Say "Yes, I know that is often the case, and in

the main you are quite right, but"—and so on. It is always better to say "Don't you think" than to come out with the flat-footed assertion, "I think." There is a way of leading people to think as you think without their suspecting that you have influenced them.

There are two kinds of objections that every salesman has to face—those that are made in good faith and those that are put forward merely as an excuse for not buying.

The best way to deal with insincere objections is to appeal directly to your prospect's self-interest. In other words, make a quick counter with some strong, vigorous assertion as to how your bonds will fit into his particular needs.

Remember that the nearer a thing comes home to us—the closer it is shown to be related to our happiness or general satisfaction with life—the greater will our interest in it be.

For instance, if your prospect is a father or a mother, you could show how, through your bonds, he or she could save up to provide an education for the children. A young man, again, could be shown that your bonds provide him with the ideal way of saving up to get married. Then a very rich man could be shown why he needs your bonds to help him keep his investments diversified or to increase the average returns on his investments.

At all events, the wisdom is clear of finding out as much as possible about your prospect before you go to see him, and of encouraging him to talk about his personal affairs when you do see him.

As soon as your prospect's attitude changes from one of indifference to one of interest, you then will be on the same level with him, and will then have a chance to get at and overcome any real objections that may be in his mind.

Never, however, rest content with merely answering objections

As long as you merely are answering objections, you are on the defensive, and the man on the defensive merely holds his own at the best. If possible, you should turn every objection into *a veritable reason why your bonds should be purchased.* At all events, proceed immediately, as soon as you have answered an objection, to pile up your reasons why your prospect will suffer if he does not possess himself of what you have to offer.

Finally, always keep in mind that "a man convinced against his will is of the same opinion still," and that it is necessary, not only to get people to consent to take bonds, but to get them actually to pay for them and keep them.

Therefore, after you have persuaded a man to take a bond, follow him up to see that no reaction sets it, to see that he continues enthusiastic about or remains content with his purchase, and that he thus will STAY PUT.

Objections and Questions You are Likely to Hear Raised

A master salesman does not wait to find out from actual experience what objections are likely to be raised against what he has to sell. Before starting out, he anticipates every imaginable argument against his proposition, and having his answer ready before his prospect has finished speaking, he is fully prepared to knock every objection into a cocked hat.

I now give you a list of the objections and questions that you are likely to hear raised, together with what I think are the answers. For the most part I will leave it to your judgment to state these facts in the proper way

and, when possible, turn them into veritable arguments in favor of your proposition.

1. How Do I Know That Beyer & Company Is a House to Be Relied Upon?—That Its Statements About Its Bonds Are True?—That If I Start to Buy a Bond Through Small Payments It Will Not Fail Before I Get the Bond, or Will Actually Deliver to Me the Bond When I Have Paid For It?

Well, I might ask you how you know that, when you put money in your local bank, you will ever get it back. The reason you trust your money with any bank is that you consider that its record and the record of its officers make it worthy of trust. You rightly judge that, having fulfilled all its obligations in the past, this bank will continue to discharge all its obligations in the future. It is true that Beyer & Company may be far away in New York, and we personally do not know anything about the house or its members; but there is, just the same, a safe way to find out all about it. You can get a report on it from Bradstreet's and Dun's, you can get your own bank to inquire about it from its New York City Correspondents, or you can get some friend in New York to look it up and tell you all about its reputation in its home city. It is in these ways that I have satisfied myself as to the thorough reliability and responsibility of Beyer & Company, and if you are not content with my investigation, you of course can look this house up just as I did.

2. The Company Issuing Your Bonds Is Too Small a Proposition, and Is Too Far Away from Home.

Experience shows that what counts is not the size of the proposition or its nearness to home, but its *intrinsic*

value. [Here you can enlarge upon the intrinsic merits of the particular issue you are handling, and thus turn the objection into a veritable reason why your bond should be purchased.]

3. **My Bank Advises Me That It Knows Nothing About Your Bonds.**

It would be impossible for your bank properly to investigate and learn the values of the many small propositions that clients may bring it, as they are too numerous and would use up too much of the bank's valuable time. However, as I can show you, these small propositions have unusual advantages for the investor—advantages so great that it will be well worth while for you to look into them yourself. I do not necessarily mean that you should inspect the property in person, but you can at least make a careful study of the facts that my house supplies, and through your bank you can get a report on my house, so that you may know whether its statements are to be relied upon.

Another way you can investigate personally is by writing to some bank in the town where the company is situated. This bank undoubtedly will be in a position to give you an unbiased opinion on the company, the way it is run, the character of its officers, etc.

4. **My Bank Advises Me That It Would Be Better For Me to Buy a Bond of a Large Issue Against a Large Company, as Such Bonds Are Always Current, and I Can Always Borrow Money On Them From My Bank, as Well as Find a Ready Market for Them in Case I Should Desire to Sell Them.**

[As this objection raises the whole question as to the particular advantages of bonds issued by small corpora-

tions, it will be necessary for you, in order to be prepared to answer it, to study all that was said on this subject in "Representing Beyer & Company." If you will do this, you will be prepared to show (1) that these bonds have all the tremendous advantages of first mortgage and underlying bonds and (2) that they are more stable in pri If, for any reason, it is not clear to you why these bonds have advantages that are tremendous, let us enlighten you and enlighten you at once; for objections brought against the bonds of small corporations as such are, above all others, the ones you can turn into veritable reasons why these bonds should be purchased. Any man who raises objections to these bonds because they are not "current," or are not listed, should have it put up to him good and hard as to why he puts money in bonds—-whether for investment or for speculation. If a man is sincere in his wish to be conservative, is satisfied with an honest investment return such as 6% and is not secretly wishing to make additional profits on price fluctations, then these bonds of small corporations are for him ideal, especially when, as in our case, the underwriters of the bonds stand ready to loan money on them or buy them back.]

5. What Is a Bond?

A bond is an interest bearing obligation issued by a corporation in which the corporation promises to pay a fixed amount to the holder at a specified time. It is usually secured by a mortgage on the property of the company. Instead of one bank or trust company or individual taking a mortgage of $100,000 or $1,000,000 or more on a railroad, telephone system, electric light plant or other corporation, a large number of banks, trust companies and private individuals each take parts of such mortgage. These mortgages are divided into parts of $50,

$100, $500, $1,000, $5,000 and $10,000 and are called mortgage bonds.

6. Why Are Bonds Sold?

Bonds are first sold to secure money for construction of railroads, electric light plants, telephone systems, etc. After the company has been in operation, bonds are then sold to make improvements, extensions, additions, etc. Bonds of these companies are afterward bought and sold the same way as any kind of merchandise.

7. What Is the Difference Between a Mortgage Bond and a Stock?

A Mortgage Bond is a mortgage on the company's property and a promise to pay by the company. A stock is simply a share in the profits of the company .

8. Who Buys Bonds?

Bonds are bought by practically all banks, trust companies, insurance companies, and other large institutions and individuals who have money not in active use in their business. This is true because bonds are the safest, simplest, cashable kind of investment paying a fair rate of interest.

9. Why Don't the Wealthy People Buy All of the Bonds?

The United States is growing and developing so rapidly that the money of the comparatively few millionaires and banking institutions is not sufficient to purchase all the bonds which are necessary to finance the development and improvement of railroads, electric light plants and other corporations.

10. Can One Buy Bonds That Have Been Paying Interest for Several Years?

Bonds may be purchased which have been paying interest from one to thirty years and over. "Seasoned" bonds are bonds of companies which have been operated successfully for a number of years. The value of their properties is largely in excess of the bond issues and they have for several years earned many times their interest requirements.

11. If I Buy a Bond, What Becomes of My Money?

The money a corporation receives from the sale of its bonds is used in making improvements and extensions to supply the increasing demand for its products. When a company's bonds have been sold, the bonds are then bought and sold by individuals.

12. Are Small Bonds Issued Because the Wealthy People Do Not Buy Bonds Now?

Wealthy people are buying more bonds than ever before. The demand for money to enlarge and extend telephone systems, electric light plants and railroads is greater than the supply from the few wealthy people. Thus the people with a few hundred dollars can be allowed a part in this great development of our country and at the same time get the safest investments in the United States.

13. Why Do Bonds Having the Same Rate of Interest Sell at Various Prices?

When a bond is first issued the selling price is effected principally in two ways. First, the rate of interest which the company issuing the bond is willing to pay to bor-

row the money. Second, the current selling price for bonds similar to the one the company is issuing. The selling price of seasoned bonds is determined simply by demand and supply. As in the case of a popular bond which has been given considerable publicity the demand is great and if the supply cannot fill this demand, the bonds naturally will increase in price.

14. Can I Sell Bonds at Any Time?

Bonds, like sugar and butter and any other generally desired product, may be sold at any time. It is just as much the business of the banker to sell bonds for his customer as it is to sell bonds to him. When a $100 bond comes due it is payable at $100. Any time before the bonds are due, they can be sold at the prevailing market price.

15. Why Don't All $100 Bonds Sell at Just $100?

As explained in Answer No. 13, bonds are subject to demand and supply and, therefore, their price changes according to the demand and supply at any time.

16. Where Do I Get My Interest?

The interest on a bond is payable on fixed dates, usually, semi-annually. In the case of a registered bond, the interest is paid by a check from the Company, mailed direct to the person in whose name the bond has been registered. In a coupon bond, where interest is payable semi-annually, there are attached to the bond small coupons each representing six months' interest on the bond. When the interest date arrives, the owner of the bond detaches the coupon. This coupon is just the same as the Company's check and may be deposited in any

bank as an ordinary check. On a 5% coupon $100 bond where the interest is payable semi-annually each coupon represents $2.50, payable on the first day of the months specified.

17. Why Have the Cities Had So Much Trouble Selling Their Bonds Lately?

City Bonds seldom pay over 4½% and unless money is very plentiful, bond buyers consider 4½% too low. There are so many good, safe bonds paying as high as 6% that City Bonds naturally would not sell very rapidly at the present time.

18. Can the Rate of Interest On a Bond Be Changed?

The rate of interest on a bond cannot be changed. If you buy a 6% bond, the company upon which your bond is a mortgage cannot change it from 6% to 4% or to any other rate than 6%.

19. What Is "And Interest"?

All bonds are sold at a price "and interest." For example, you buy a $100 bond at 99 and interest. This means that you pay $99 plus the interest which has accumulated to date from the last coupon date. If the coupons are payable in January and July, and you buy this bond on April 1st, you pay the interest from January which is three months. On July 1st you cut a coupon which represents the interest since the 1st of January or six months, thereby getting back the three months interest that you paid on April 1st. [See also page 37.]

20. What Is Yield?

Yield is the rate of interest which you receive on your money invested should you hold the bond until it

is due. For example, you buy a 5% bond at 90 which is due in ten years. Each year you receive 5% on $100, which amounts to $50, making the average rate of interest yearly on the money invested about 5½%. When the bond is due you receive $100, which is $10 more than you paid for it. This is equal to $1 a year. Adding the $1.00 to the $5.50 gives you a yield of $6.50, which is the net return each year. (This is an approximate yield. To figure the exact yield elaborate statistical tables are necessary.)

Why Business Men Should Buy Bonds

One objection to buying bonds that you frequently will hear raised by business men is that if the profits yielded by a business are put back into the business, they will earn say from 15 to 20%, whereas if these profits are invested in bonds they earn only about 5%. This objection is so foolish that you can render no greater service to the business men among your clients than by showing them just why it is foolish.

The best summary I have ever seen of the reasons why business men should buy bonds is found in an article by E. W. Keever in *Moody's Magazine*, and I am here going to reprint most of this article in the hope that you will study it carefully.

Mr. Keever shows that profits "put back into the business" are no longer real profits, but are subject to business risks, that surplus invested in standard bonds is a liquid asset of incalculable value in emergencies, and that there are many ways in which such investments strengthen the business man's position. Don't fail, then, to read what he says:

> American bond houses have been the most potent factor in making America a nation of investors. By their campaign of educative advertising, and by their

corps of bond salesmen, themselves experts in values, the public is being taught the difference between speculation, which promises large returns and almost invariably results in loss, and investment which insures regularity of income and safety of principal. More and more the investor is turning from the wild cat schemes of promoters to the less alluring but infinitely safer opportunities offered through the agency of tne great retail bond houses.

Always looking for new worlds to conquer, some of the more progressive of these firms have begun an active campaign to convince the business man of the extent to which bonds are an asset in his business. The average hard-headed business man, when approached on this subject, is apt to agree that it would be desirable to own bonds, but says, "I put all my profits back into the business, where it will earn 15 to 20 per cent, so why should I invest in bonds which would only bring me 5 per cent?"

A brief investigation of the plan of Commercial Reserve, as used by a house which the writer has in mind, will soon convince him that his argument is to a certain extent specious, and there are some real advantages in the plan which the bond man has outlined to him.

In the first place, let us suppose the manufacturer makes a net profit of ten thousand dollars on the raw material he has purchased and turned into the finished product. Now, if he takes that $10,000 and puts the whole amount back into more raw material, it is no longer real profit, because he is subjecting it to all the risks of the business. It is simply so much working capital. The only real true profit that he can go home at night and tell his wife about is that portion of his $10,000 that he takes out of his business and invests in something entirely outside of it. The inexperienced may not believe this statement, but ask the man who has been in business for twenty years and has seen two panics, and he will tell you that his real profits, the ones he expects to live on in old age, are those sums invested in outside things, such as life insurance, real estate, or bonds.

And of these three forms bonds are by far the best for the investment of business surplus. They are more marketable than real estate; if carefully chosen they are equally secure, and as collateral for loans they are unsurpassed.

This brings us to the consideration of the more immediate benefits of bonds as a commercial reserve. The man who has a surplus in bonds has an insurance fund against unforeseen disaster. If a strike temporarily

ties up his plant, or a new invention compels large expenditures for improved machinery he can resort to the commercial reserve for the necessary funds. He has always on hand liquid assets whose value is not in the least affected by the state of his business. Under modern business administration the practical importance of such a fund is evident.

A further advantage of commercial reserve arises in periods of business over expansion. There are times when the merchant sees opportunities to buy at a large discount for cash. The seller must have money at any price. Such opportunities usually come when money is tight, and credit strained. The merchant is carrying his full line at the bank and it is impossible to float commercial paper. At such times his bonds are worth all they cost. He can at once take them to any bank and borrow 80 to 90 per cent of their market value and thus buy up his bargain. It is simply that he has cash and the other man hasn't, and "real money talks loudest every time."

A striking example of the value of a commercial reserve when such opportunities present themselves is seen in the history of the Standard Oil Company, one of the chief causes of whose wonderful success has been the consistent maintenance of a big reserve in cash and easily negotiable securities. By means of such a reserve, the Standard Oil Company has been able to get into new oil fields when its competitors were handicapped by lack of cash and to take over competitors weakened by lack of capital, and to improve its position in many other ways.

A corollary to the above is the well-known fact that in panic times the public is not bankrupt but only hoarding, and is always ready to take advantage of bargain prices in necessities. Then the forehanded merchant puts in a side line or "understudy" consisting of these necessities, bought at a great reduction for cash and finds that his bond reserve has really earned him many times his paltry 5 per cent interest. "But," the business man replies, "that is all very well, but such opportunities are rare. I want to know how bonds will help me to-day."

One answer to that question is found in the analysis of interest rates in New York in the last five years. A comparison extending over this period of the average rates for loans of four to six months' time, based on collateral security and loans of the same duration, based on single name paper, shows that each year the loans on collateral averaged from 1 to 1½ per cent less interest than those made on single name paper. This was for loans of fixed duration and did not include

call loans made on Stock Exchange collateral. The inference is obvious.

Again, in the form the business man fills out for his bank when applying for a loan, the space marked "Other Assets" is usually left blank. A canvass of the commercial banks of New York shows that whenever, under Other Assets, the banker finds listed some high-grade bonds, he becomes unusually favorable to that particular borrower. In the eyes of the banker the borrower is showing some *true profit*, and the result is that when the bank is chary of extending accommodation in general, credit will be given to the man whose statement shows profit that is real and assets that are truly liquid.

This brings us to the relation of quick assets to quick liabilities. In every city we find a goodly number of merchants and manufacturers whose fixed assets, such as buildings, equipment, etc., are large, but whose quick assets are nowhere near the proper proportion of their quick liabilities, nor will brick and mortar or bills receivable settle accounts payable when they fall due. As one writer expresses it colloquially, "cash and quick assets are the mules that pull a business uphill," and a large number of the two or three hundred business failures every week are due to lack of realization of that very fact.

Bradstreet in their January analysis of the business failures in the United States during 1912, credit 29.7 per cent of those failures to "lack of capital" and 16.5 per cent to "specific conditions." Out of the total of 46.2 per cent due to these causes, a respectable percentage is evidently due to the bankrupt concerns failing to have the quick assets to meet their quick obligations. Nothing but cash will meet these obligations, and bonds are the best form of carrying this very desirable fund of quick assets with which to meet contingencies.

"Well," replies the business man, "you have convinced me that all my profits should not go back into my business, that bonds are a good form of business insurance, that I may be able to make money with them in hard times, and that in good times I can borrow cheaper because I have them, but I can't afford to take five or ten thousand dollars out of my business at one time to buy bonds."

The commercial reserve plan has anticipated this objection, and offers two alternatives. Either the firm can set aside a certain sum weekly or monthly, and when a sufficient amount has accumulated purchase the bond outright, or it can buy on the partial payment plan.

"And Interest" Fully Explained

As this subject of "and interest" is not fully understood even by many experienced business men, I wish you would read and carefully study the following article by Francis Theodore Tilton, which appeared in *Investments Magazine*:

> "To the price quoted on interest-bearing obligations, such as bonds, accrued interest must be added. This is sometimes confusing, and many people not versed in the subject are inclined to think that undue advantage is being taken of them when the interest is 'tacked on,' but a little consideration of the subject will suffice to make it clear that this practice is fully justified, and is in fact for the investor's own protection.
>
> "The interest on bonds is paid at definite intervals, generally semi-annually. In the case of coupon bonds, little certificates or coupons covering each and every interest payment are attached to the bond, and when the date upon which they become due arrives, they are detached and upon presentation paid by the company, this payment covering the interest from the last interest date, either for six months or three months, as the case may be. It can be readily seen that if the holder of a coupon bond sells his bond between interest dates he not only surrenders the certificate calling for the principal sum, which is paid to the holder of the bond at maturity, but also the engraved coupons, also payable to bearer, calling for all future interest payments.
>
> "If the transaction occurs say midway between the interest dates, a proportionate amount of interest is due to both the seller and the purchaser, according to the number of days their respective money is invested in the security. For instance, if the interest is payable every six months and the transfer of ownership occurs three months after the last interest date, the seller of the bond is entitled to three months' interest and the purchaser of the bond to the same amount of interest, the division being equal for the reason that the period is equally divided.
>
> "When the actual transfer of the security occurs it can thus be seen that the seller forfeits his ability to collect the interest due him, as he surrenders to the purchaser, who generally is and will always remain a stranger to him, the only possible means of collecting

it from the company, namely the small coupon attached to the bond calling for the interest for the full period. Therefore, in order to be just to both the purchaser and the seller, the question of interest is definitely settled at the time of transfer of ownership by the purchaser giving the seller the amount of interest due him, which will, of course, be refunded on the next interest date when the new holder cashes the coupon for the full period.

"In the case of registered bonds, or bonds made payable to the individual named therein, a proper registration of ownership is made, when a transfer occurs, whereupon the new holder is not only entitled to the principal sum when due, but also to the next and all subsequent interest payments. The adjustment of the accrued interest is, therefore, made in the same manner upon transfer as in the case of the coupon bond.

"Tables are prepared showing the interest at various rates for any period, so that it is not a difficult process to find the amount of accrued interest due.

"It was not until January, 1909, that the New York Stock Exchange established the ruling that all interest bearing bonds traded in on the Exchange should be at an "and interest" price, although bond houses had previously adopted this method when trading among themselves outside the Exchange.

"Prior to that time it was necessary to figure and include in the quoted price the amount of interest which was accrued. The value of the bond would increase each day by the addition of accruing interest and by the time the interest was payable, the market price of the security would have increased several points, all of which was suddenly lost immediately after the payment of the interest. The ordinary investor generally overlooked the fact that these erratic fluctuations in the price of his security were due to the amount of interest accrued to which he was entitled in the natural order of events. Consequently, he was often tempted to either sell and take the apparent profit, or sell because of the sudden decline which to him indicated some vital and newly discovered weakness in the security, all of which was of course generally contrary to his best personal interests.

"In the case of a five per cent bond with a semi-annual interest payment of $25 the bond would show a rise between interest dates, provided there was no change in the value of the principal of the security itself, of say 2½ points, to cover accruing interest, after the payment of which the bond would show a sudden decline of an equal amount, whereupon it would again commence to increase in value until the next interest

date was reached, with the resultant sudden decline, and so the process was repeated. The standing of the bond was in no way altered by these unnecessary fluctuations, but they were sufficient to confuse the unsuspecting bond holder, many times to his loss and to the gain of those who followed the subject professionally. It was, therefore, decidedly to the benefit of the investor that the interest was made a separate item from the quotation, based on the par value of the security.

"Sometimes bonds are sold "flat"—that is, without any interest being added. This is only in the case, however, of bonds that are not yielding interest, such as bonds in default. As this is the exception the word "flat" in such cases always follows the quotation, otherwise the price for bonds is understood to be "and accrued interest."

"In the case of stocks, however, there is no addition to the quoted price for dividends, as these are never payable or due to the stockholders until actually voted by the directors, while the interest on bonds is an actual obligation which daily accrues and which must be paid the same as the principal. Dividend-bearing stocks, therefore, generally appreciate in value previous to the payment of the dividend, and then decline when the dividend is deducted, or when they sell 'ex-dividend.'

"Of late, in the marketing of cumulative preferred stocks there have been cases where the price has been 'and accrued dividend,' which have been justified in their particular cases, but it is doubtful whether the custom will ever be applied to the prices of stocks generally, as there are not the same reasons for it as in the case of bonds."

Why Bonds are Better than Real Estate Mortgages

(*From The Magazine of Wall Street.*)

There is no necessity of depreciating in any way the value and desirability of direct mortgages on real estate, but the sound corporation bond has a number of advantages which the investor in mortgages would do well to ponder.

1. The equity above the value of a mortgage is rarely over 100 per cent, and usually not more than 70 per cent.

It is easy to select bonds where the margin of safety over the principal of the bonds is 1,000 per cent or more.

2. The net revenue from real estate is possibly three times the amount of the interest on the mortgage. Many bonds are protected by earnings large enough to pay the interest on them six to ten times over.

3. The expenses attending the foreclosure of a mortgage are large, and the holder is put to a great deal of trouble. If bondholders are compelled to take over the property on which their bonds are based, the expense and trouble to each individual is small, and his interests are well protected.

4. Good bonds may be instantly converted into cash, with small commission charges. This is far from being true of even the best real estate.

5. Bonds can be used as collateral for a temporary loan. Mortgage cannot be readily used in this way.

6. The length of term for bonds varies so widely that the investor can adjust his dates of maturity to his own needs, from one year up. It is usually impossible to do this with a real estate mortgage.

7. Bond values are not usually dependent on local conditions, while real estate values nearly always are.

8. Bonds can often be bought at prices which show excellent possibilities for the increase of the principal, in addition to regular interest. Mortgages do not possess this advantage.

9. The permanent investor can buy bonds running fifty years or more, thus avoiding all trouble and expense of transfer. Few mortgages run more than seven years, and many only three.

10. The bondholder gets his interest when due. The owner of a real estate mortgage must allow thirty days' grace, and in practice often allows much more than that.

11. The expenses of collection and oversight are as a rule much heavier on each one thousand dollars invested in mortgages, than on the same sum put into bonds.

12. The foreclosure of a mortgage, if it becomes neecssary, is a very disagreeable and unpopular duty. This difficulty does not arise with bonds, even though the corporation should default the interest.

Books You Ought to Read

As I pointed out in my foreword, every bond salesman ought to be a student, and here are some books that every bond salesman ought to read that he may be properly qualified to answer the questions of his clients and render them the best service. Any or all of these books can be obtained through my house at the regular price:

How to Invest Money Wisely:

By John Moody. One of the first really practical books on investment. In it John Moody shows the investor how to apply the plans of investment to his own case, and explains fully but clearly the principles of diversified investment which he has been studying for so many years in connection with his work as an analyst. These principles have been adopted by many institutions and thousands of individual investors with great profit. Flexible leather. 200 pages. $2.00. Postage, 10 cents.

Work of the Bond House:

By Lawrence Chamberlain. The first exposition ever made of the functions performed by the American bond house in turning into channels of productive industry the savings of the investing public. Explains the buying of municipal, railroad and corporation bonds, the selling of bonds from the bankers' viewpoint and the investors' viewpoint, the advisory functions of a bond house and its protective and banking functions. Tells also how to judge the value of bonds. Cloth. 160 pages. $1.35. Postage, 10 cents.

Smith's Financial Dictionary:

By Howard Irving Smith. This book omits nothing essential to a comprehension of financial transactions. It defines and explains alphabetically and at length the whole range of banking, money, credit, stocks and bonds, commercial paper, investment and speculation in stocks and commodities and the monetary systems of the world. It contains the most accurate tables of foreign exchange in existence. It gives compound interest tables, bond yields, and is indispensable in any financial library. Blue cloth, gold title, 527 pages, 9 x 6 inches. $2.00. Postage, 20 cents.

Investors' Primer:

By John Moody. In this book John Moody defines in clear and simple language the terms and phrases used in the investment and banking business and explains the difference between stocks and bonds and between the various kinds and types of bonds. He also shows how bonds are issued by the big corporations and how they reach the public through the hands of the Stock Exchange and the Investment Banker. A book every investor ought to have before he attempts to buy or sell stocks or bonds. Cloth. 150 pages. $1.00. Postage, 10 cents.

Pitfalls of Speculation:

By Thomas Gibson. In this book Thomas Gibson, the well-known stock market expert, explains in a way that everybody can understand, the causes of the great market movement and shows as far as possible how to foretell them. The reader of this book will be able to avoid the traps set by unscrupulous brokers, and while it will not help him to get rich quick it will save him from unnecessary loss of money and sleep. Cloth. 130 pages. $1.00. Postage, 10 cents.

The Investors' Catechism:

By Marc. M. Reynolds. How are Stocks manipulated? What is a bucket shop? How stocks are bought on margin. Meaning of puts, calls and privileges. What is a Debenture Bond? How to legally endorse a stock certificate. What are bank clearings? What is a bear? A bull? What is the curb market? What is a Wall Street deal? What is a funded debt? These and thousands of other questions important to the investor are answered in "The Investors' Catechism." This book is invaluable to the investor unfamiliar with the ways and methods of Wall Street. Bound in cloth, with gilt title. $1.00. Postage, 10 cents.

How to Invest Money:

By George Garr Henry. This book deals with the different forms of investments in a clear and comprehensive manner. The advantages and disadvantages of the different classifications of bonds are discussed very plainly. The headings of the chapters contained in this book are as follows: "General Principles of Investment," "Railroad Mortgage Bonds," "Railroad Equipment Bonds," "Real Estate Mortgages," "Industrial Bonds," "Public Utility Bonds," "Municipal Bonds," "Stocks," "Market Movements of Securities." Bound in cloth. 75 cents. Postage, 10 cents.

A Lesson in Thrift

Showing the Good That Every Bond Salesman Can Do.

(*By C. M. Keys in Gloversville Herald.*)

A merchant in a small country town in New York State has a son who has been a whole lot of trouble. He is not a bad sort of fellow, but is haphazard and easy going. His father, who used to work for $2.00 a week and his keep in his early days, and who thinks a good day's work begins at half past seven in the morning and ends at the same hour at night, is worried constantly because his son never could cultivate the habit of saving money and never seemed able to get a decent idea of what money was for. The reason, of course, lay in the fact that when the boy was born the family was in fairly prosperous circumstances and when he grew old enough to spend money there was plenty of money to spend, and he did not have to do any particular thinking about where the money came from.

It was when the boy was about fourteen that his father began to try to teach him something about money. By the time he was sixteen, he knew nothing at all about it, and his father had a kind of conviction in his mind that he would never have any sense in this matter. Apart from his happy thriftlessness, the boy was made of good stuff, honest, clean, straightforward. It seemed to his father and his friends a very great pity that he lacked this one element which is such a powerful factor in making of a real American character.

About the time the boy was seventeen the father began all sorts of experiments to teach the habit of thrift. He started a savings bank account, which went all right for a few months, but which was neglected after then and became a bone of contention between the father and son. He took out a life insurance policy which was also all right as far as it went, but it did not go very far because it required only two annual payments. Whenever he got a good chance the father preached the

habits of thrift in the old-fashioned way, but it was very evident that, with the best intention, he got little from the sermons.

One recent experiment along this line in the education of the boy is the subject of this article. The writer does not know whether it will be a success or not, and puts it down merely as a matter of record rather than as an experiment to demonstrate anything.

It came about through a visit of a bond salesman. This young man happened to be marooned in the town one winter for a day on account of a washed-out bridge on the railway line, and the merchant who had done some business with him, invited him to come to the house. They talked shop in the evening, the salesman telling the merchant a lot of more or less intimate details of the bond business, and the boy became more and more interested. Amongst other things that the salesman mentioned was a little experiment that his house was making selling quiet bonds on the installment plan. At first he dwelt upon the buying of bonds by business concerns as a sort of sinking fund. Then he came down to the buying of a single bond to be paid for $100 at a time at intervals convenient to the buyer.

An idea struck the merchant. He said nothing about it at the time, but drew the salesman on to tell about the class of people who bought bonds in this way from his house, how they got along with it, and how it resulted to the buyer. The salesman seemed perfectly willing to talk about his business, and went into elaborate details, telling how people had gotten into the habit of saving money to pay off their installments and the pleasure they got out of completing their payments and starting new circles of investments. The boy was evidently more and more interested in these personal stories and himself got to asking a lot of questions.

The next day the father made a suggestion to the son. He had figured out about how much spending money the young man had, and what he ought to be able to save out of it on a very conservative estimate. The suggestion was that he would himself pay $100 down on a bond for the boy's account and that he would pay in addition $50 a month for as long as the boy would keep on saving a similar amount to be applied to the purchase of a bond.

That was two years ago. It is still carried on, the only difference being that now the young man is himself paying $75 a month and his father is paying $25. According to the accounts the last thing in the world that this young man would think of stopping is this monthly bond purchase. In many respects he is, according to his father, getting to be mean and parsimonious in the first couple of weeks every month until he sees that he is certain to have enough money to make his payments.

Of course, this same result might have been accomplished in a dozen other ways, but the fact remains that it has been accomplished so far, satisfactory, by means of an installment

bond purchase. The merchant, who is himself a good investor, is delighted to have awakened in the young man an instinct for the accumulation of property by the old-fashioned patient process of saving money and putting it to work conservatively. The young man himself realizes what he never realized before, that the mere habit of saving carries with it much more satisfaction than the mere habit of spending. If the proposition works out as it now looks to be working out, it may eradicate the one fundamental weakness in the young man's character and at the same time start him on the high road to wealth. At any rate the merchant considers the bond buying habit the best antidote of which he has any knowledge, to the poison of thriftlessness.

"YOUR time is your capital. Learn to be economical of it and dexterous in the use of it. If, at the close of each day, you will think over what you have done, and will know how much time you have wasted, so far as any desirable results are concerned, you may be led to keep a stricter watch upon the hours of the next day as they slip by. You can do a great work if you never will let a day pass without gathering some valuable result; and you will be surprised, at the end of the year, by the progress made."

"The only way to make a good showing during any year is to begin at the very beginning and keep up unremitting and energetic efforts until the end of the year; to make every day count, and never permit yourself to rely upon the delusive hope that another month may restore what the preceding one has lost."